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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE MIDDLE DISTRICT OF ALABAMA
3 EASTERN DIVISION

4

5 JOHNNY POTTS and)
6 JANICE POTTS,) **ORIGINAL**
7 Plaintiffs,)
8 vs.) Civil Action No.
9 DYNCORP INTERNATIONAL LLC,) 3:06-cv-00124-WHA-CSC
10 JAMES McCANTS, et al.,)
11 Defendants.)
12 * * * * *

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15 The deposition of HOWARD M. HOUGEN was
16 taken on Wednesday, January 17, 2007, commencing
17 at 10:00 a.m., at the offices of M.A.R. Reporting
18 Group, 200 Little Falls Street, Suite 410, Falls
19 Church, Virginia, before Terri Duncan, RPR, CCR,
20 Notary Public.

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1 Q. Who was his predecessor?

2 A. A fellow named Jeff Casperaites,

3 C-A-S-P-E-R-A-I-T-E-S. Actually, in between was a

4 man named John Supina, S-U-P-I-N-A. So John

5 Supina would have been his immediate predecessor.

6 Q. Where is Mr. Casperaites now?

7 A. He no longer works for us, so I don't

8 know.

9 Q. Was his termination voluntary or

10 involuntary?

11 A. Voluntary.

12 Q. And Mr. Supina, where is he?

13 A. He works mostly out of Irving, Texas.

14 Q. Did he work out of Irving, Texas, when he

15 was general manager of -- when he was, I guess,

16 interim general manager of the FZ company?

17 A. No. He worked out of Dubai.

18 Q. What is the primary purpose of the FZ

19 company?

20 A. It hires people to lease to DynCorp

21 International for performance of services in

22 off-shore locations.

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1 document?

2 A. This is or certainly appears to be -- I'm
3 not the custodian of it, again -- but this appears
4 to be the articles of association of the company
5 formerly known as DynCorp International Global
6 Services FZ-LLC, which is now known as DynCorp
7 International Services LLC-FZ.

8 Q. If you will please turn to the last page
9 of the document, page number 32.

10 A. Yes.

11 Q. Can you please identify for me or tell me
12 who signed the last page.

13 A. Let's see. This was signed in January of
14 2003. Paul Lombardi, who signed as manager, was
15 the president and chief executive officer of
16 DynCorp, and David L. Reichardt, who signed as
17 manager, was the senior vice president and general
18 counsel of DynCorp.

19 Q. And that's DynCorp, the --

20 A. The former parent of DynCorp
21 International.

22 Q. Do you know where Mr. Lombardi and

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1 Mr. Reichardt are now?

2 A. They live in this area, in the Northern
3 Virginia area.

4 Q. Are they still with DynCorp?

5 A. No. No. They ceased being affiliated
6 with DynCorp in March of 2003, when Computer
7 Sciences Corporation bought DynCorp.

8 MS. EADY: Ms. Duncan, if you would mark
9 that as Plaintiff's Exhibit C, please.

10 (Plaintiff's Exhibit Letter C was marked
11 for identification.)

12 BY MS. EADY:

13 Q. Mr. Hougen, you said that essentially --
14 I'm going to just call it DynCorp FZ for
15 shorthand.

16 A. Okay.

17 Q. Is that acceptable?

18 A. Yes.

19 Q. Essentially, DynCorp FZ leases its
20 employees to DynCorp International; is that
21 correct?

22 A. That's correct.

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1 Q. Does DynCorp FZ perform any other
2 activities for DynCorp International besides the
3 leasing?

4 A. No, not really. It would hire the
5 employees, but that's not a -- that's all part of
6 the leasing.

7 Q. Does DynCorp FZ recruit the employees?

8 MR. HOLMAN: Nancy, I think that you're
9 getting into the second topic that Mr. Hougen is
10 not here to testify about. Because that goes into
11 the hiring, I think.

12 THE WITNESS: I'm not directly involved
13 in the hiring, so I can't speak of personal
14 knowledge. I just have conjecture.

15 MR. HOLMAN: And Mr. Budge, the next
16 witness, will be addressing that.

17 MS. EADY: Okay. Great. I will move on.
18 Thank you.

19 BY MS. EADY:

20 Q. Mr. Hougen, I'm going to ask Ms. Duncan
21 to show you Plaintiff's Exhibit -- what I marked
22 as D.

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1 you're kind of getting into topic two, which
2 relates to the hiring of people to perform the
3 contracts, which he's not here for.

4 Mr. Hougen is here to discuss the
5 corporate relationship between FZ and its
6 subsidiaries and not so much the operational
7 aspects of what they did, if that distinction
8 makes a difference. I mean, if you see that
9 distinction. He's just the corporate guy.

10 MS. EADY: Right.

11 THE WITNESS: Corporate weenie, is the
12 term.

13 BY MS. EADY:

14 Q. Is the performance of DynCorp FZ
15 evaluated in any way by DynCorp LLC, DynCorp
16 International LLC?

17 A. I have no knowledge of that evaluation.

18 Q. Are dividends paid to DynCorp
19 International by DynCorp FZ?

20 A. I have never seen a dividend declared.

21 And I would think that the reason for that is that
22 the FZ operates essentially on a break-even basis.

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1 It probably -- it has revenues that cover its
2 expenses, but not a great deal more.

3 Q. And DynCorp International, at the time of
4 the accident that this suit is based on, DynCorp
5 International received \$500 per month plus
6 reimbursement of all actual costs from DynCorp
7 Free Zone; is that correct?

8 A. That's what it says in the agreement. I
9 can't tell you whether or not it's correct.

10 Q. But the agreement between the two --

11 A. Recited those facts. You are correctly
12 reciting what the agreement says.

13 Q. On Exhibit D, on the second page, can you
14 please tell me whose signature is there for
15 DynCorp International?

16 A. Dan Campbell, who signed at that time as
17 Director of Contracts.

18 Q. Is he still with DynCorp International?

19 A. He is.

20 Q. All right. And then who signed for
21 DynCorp International FZ?

22 A. I cannot read the signature. It says